

UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

MOSAIC FINANCIAL SERVICES, LLC,

Plaintiff,

Case No. 1:07-MC-65

v.

Hon. Gordon J. Quist

ROTATEBLACK INVESTMENT FUND I,  
LLC, DHURU DESAI, and JOHN PAULSEN,

Defendants.

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**REPORT AND RECOMMENDATION**

This matter came before the court on a show cause order, requiring defendant John Paulsen to explain why his motion to extend time to comply with the court's May 3, 2011 order holding him in contempt and requiring him to pay \$401,869.37 should be granted. The undersigned was directed to issue a Report and Recommendation following the hearing to recommend either incarceration of the defendant until he purged himself of contempt, stay the May 3 order until a later date, or take other action in regard to the defendant as deemed appropriate.

In the interim, defendant filed for Chapter 11 bankruptcy, thereby automatically staying the proceedings. 11 U.S.C. § 362. While the bankruptcy court will presumably not set aside the findings of contempt entered by this court nor discharge this debt, the bankruptcy court could modify the time for complying with the order to pay the \$401,869.37.

Accordingly, I recommend this matter be held in abeyance and the file be administratively closed, subject to reopening it upon an appropriate request by counsel following

further action by the bankruptcy court.

Dated: June 14, 2011

/s/ Hugh W. Brenneman, Jr.  
HUGH W. BRENNEMAN, JR.  
United States Magistrate Judge

ANY OBJECTIONS to this Report and Recommendation must be served and filed with the Clerk of the Court within fourteen (14) days after service of the report. All objections and responses to objections are governed by W.D. Mich. LCivR 72.3(b). Failure to serve and file written objections within the specified time waives the right to appeal the District Court's order. *Thomas v. Arn*, 474 U.S. 140 (1985); *United States v. Walters*, 638 F.2d 947 (6th Cir. 1981).